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**Speech by Ambassador James R. Keith
at
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"RENEWED LEADERSHIP, SHARED FUTURE"

I am very pleased to have the opportunity to speak again at the Malaysian Armed Forces Defence College. I would like to thank First Admiral and College Commandant Dato' Tan Eng Seng for the return invitation. I had the honor of addressing the College last year and I was impressed by the discussion and insights from the officers -- I expect no less this year.

These are interesting times in the political life of both our countries. Our new U.S. Administration is barely two months old, and with the events taking place today in Kuala Lumpur -- the UMNO elections -- Malaysia is a step closer to a new leader. These are also challenging times given the severity of the global economic crisis and the looming importance of cross-border issues ranging from nuclear nonproliferation to climate change. I intend for my remarks to set the context for understanding a new era of American leadership and the common interests we have with Malaysia at many levels and to express an American desire to develop further the potential as yet unrealized in our relationship.

President Obama and Secretary of State Clinton have pledged to renew America's security and standing in the world through a new era of American engagement. We foresee a new era of international cooperation that strengthens old partnerships and builds new ones to confront the challenges of the 21st century -- problems that in the end do not respect international boundaries -- terrorism and nuclear weapons, climate change, poverty, human trafficking, and disease. As you will have seen during Secretary Clinton's trip to the region, we intend to listen to the concerns and perspectives of our friends, including Malaysia, and we consider meaningful and candid exchange a vital basis for realizing the potential and increasing the relevance of U.S.-Malaysian ties.

As any country would, the United States will pursue its national interests with other nations, whether friend, partner or otherwise. But President Obama has also said that the United States is "ready to come to the table, and is willing to lead," to deal with global challenges.

The U.S. is doing its part with regard to the primary challenge facing every nation in the world. We seek to restore economic growth at home and abroad. The American Recovery and Reinvestment Act lays a foundation for economic recovery through a mix of increased government spending and tax cuts to create jobs and strengthen our long-term growth potential. World leaders are coming together to determine how best to reform and coordinate the international financial regulatory and supervisory system. Treasury Secretary Geithner has called for countries to put in place fiscal stimulus of 2 percent of aggregate GDP each year for 2009-2010 and to boost the IMF's emergency lending capabilities by \$500 billion. The G20 has agreed to boost funding, but we will need to see what agreement can be achieved on the details at

the London summit on April 2. For its part, we have noted Malaysia on March 10 unveiled its second stimulus package which will provide USD 4 billion in additional government spending, plus guarantees and other initiatives, to total USD 16 billion over a two-year period. This comes on the heels of a USD 2 billion stimulus package released on November 8.

Faith and confidence in the global trading system is essential to restoring U.S. economic growth, particularly given that, over the past 40 years, the share of trade in the U.S. economy has tripled, to 30 percent of our GDP. I hope all nations will reaffirm commitments to open trade and investment policies, which are absolutely essential to global economic growth and prosperity. The Obama administration is committed to fighting protectionism, and the U.S. will uphold its obligations under the WTO and its bilateral trade agreements. For several years now, we have worked assiduously on a Free Trade Agreement (FTA) with Malaysia. The U.S. and Malaysia continue working level contacts on outstanding FTA issues. As new administrations in both countries put new trade officials in place, we will have to re-engage to clarify preferred approaches to address further liberalization of bilateral trade and investment.

Looking beyond our bilateral interests, the new administration has made progress on the Israeli-Palestinian conflict a key diplomatic priority, as signified by the early appointment of a senior Special Envoy for Middle East Peace. We have begun a sustained push to achieve the goal of two states, Israel and Palestine, living side by side in peace and security. Recalling that the Malaysian government participated in the Annapolis peace conference in late 2007, we hope that Malaysia will play a constructive role as the peace process unfolds -- one based on a mature understanding of the core interests of both Israel and Palestine. In the broader context, you should expect a robust effect on the U.S. side to engage Syria and Iran in productive dialogue. There is a clear sense on our part of a new opportunity to improve relations between Iran and the U.S. if the Iranians will conform to the international community's expectations regarding nuclear nonproliferation.

Closer to home, no one needs to be persuaded of the importance of Asia to the United States -- and the importance of the U.S. to Asia. Asia is a challenging and dynamic region, and an area that will play a major role in determining the future course of the world's economy and the prospects for international peace and stability. The new Administration has pledged to forge a more effective framework in Asia that goes beyond bilateral agreements, occasional summits, and ad hoc arrangements. We will work to maintain strong ties with allies, and work to build ties with countries in East Asia that will promote stability and prosperity. We view the emergence of powers such as China and India from a pragmatic, realistic perspective.

Secretary Clinton made clear in her first trip abroad as Secretary of State that Asia will be a priority for the Obama Administration, and her inclusion of Southeast Asia during the trip sent a clear signal regarding U.S. commitment to the region and to ASEAN. That commitment also was reflected in her visit to the ASEAN Secretariat in Jakarta, the first-ever stop by a Secretary of State, and in her announcement that the U.S. would launch a formal process to pursue accession to the Treaty of Amity and Cooperation with ASEAN members. Southeast Asia is an indispensable partner for the U.S. in trying to deal with the global financial crisis, climate change, pandemic influenza and a host of other issues, and we hope to broaden and deepen the U.S.-ASEAN strategic partnership to better address regional and global issues. We are also

committed to working with ASEAN to find an enduring solution to problems in Burma that are imposing significant costs on Burma's neighbors, including Malaysia, especially with regard to refugees.

On the basis of shared security interests, the U.S. has reaffirmed our long-standing commitment to the peace and stability of the Asia Pacific region. In Malaysia, a capable and highly professional military enhances regional security. The U.S. military engagement is well represented by an active schedule of bilateral exercises with all services of the Malaysian Armed Forces that increase the capabilities of both countries; a professional development program that has seen over 1,400 Malaysian personnel trained in the U.S. over the past 10 years; and the pledge of U.S. \$43 million to enhance maritime security in Sabah. As military budgets around the world become tighter, we expect to see more emphasis on multilateral exercises in the future. In the context of our military relations, I am gratified that the University of Malaysia continues to host a U.S. officer under the Olmsted scholar program.

Malaysia's contribution to international peacekeeping is a particularly important area in which Malaysia bolsters UN security structures, such as the current UNIFIL mission in Lebanon. U.S. support for the Malaysian Peacekeeping Training Center should continue. The Malaysian military's role in regional humanitarian assistance is another area for fruitful cooperation. We recognize and congratulate Malaysia for its recent successful actions to guard against piracy in the Gulf of Aden, as well as anti-piracy efforts in the Strait of Malacca, and the U.S. supports firmly Malaysia's interest in joining the multinational Contact Group for Piracy off the Coast of Somalia. The growing partnership between the U.S. Coast Guard and the Malaysian Maritime Enforcement Agency benefits the maritime security interests of both nations.

Security is a complex subject, involving a host of different actors and perspectives, and accordingly we also will continue to work with partners on enhancing security on other levels, including through law enforcement and nonproliferation efforts. International law enforcement cooperation is essential to success in combating transnational crime, to include drug and human trafficking, and terrorism. Located at a key geographic crossroads, we recognize that Malaysia faces stiffer challenges than many nations. The U.S. and Malaysian law enforcement agencies gained a new tool for cooperation with the bilateral Mutual Legal Assistance Treaty, which came into force in January. The Treaty regularizes and streamlines information-sharing and is the basis for expanding our cooperation to mutual benefit.

Countering the illicit proliferation of weapons and dual-use technology, particularly related to weapons of mass destruction and missiles, is a critical security area in which U.S. and Malaysian interests overlap. Malaysia has made important contributions related to nonproliferation. That said, Malaysia needs a robust system of export controls to enforce legally binding UN Security Council decisions, and -- very important in the long run -- to attract trade and investment at the high end of the technology spectrum. As the U.S. and others step up diplomacy with Iran, we can expect increased scrutiny of Iran's nuclear program and of UN member states' compliance with Security Council decisions related to nonproliferation and export control. We hope to engage more with Malaysia in the years ahead to help build and strengthen Malaysia's participation in international nonproliferation and export control institutions.

As new U.S. and Malaysian administrations work together in the coming years on shared priorities, we can draw on a rich network of people-to-people ties. Well over 100,000 Malaysians have studied in the U.S. These alumni have used their educations to create a stronger Malaysian society and have fostered understanding between Malaysia and America. Their contributions to Malaysian society will continue for many years to come. We welcome Malaysian students in the U.S. and at any one time there are about 7,000 Malaysians studying at U.S. universities. And the numbers of Malaysian students and travelers are increasing as we have streamlined procedures to obtain a U.S. visa. The vast majority of such applications are granted within two days and we view visa applicants as our customers to whom we want to provide good service.

Environmental policies represent an area of expanding U.S. cooperation with ASEAN countries, and Malaysia is no exception. Addressing environmental problems and achieving sustainable management of natural resources throughout the world requires the cooperation and commitment of all countries. The U.S. seeks to advance our shared environmental objectives by negotiating effective science-based global treaties, developing international initiatives with key countries to support sustainable development, and creating a foreign policy framework in which innovative public-private partnerships can flourish in developed and developing countries worldwide. Our approach includes a commitment to reach agreement on an international effort to manage climate change. Within Malaysia, we are increasingly engaged in a number of regional and bilateral initiatives. For example, last year in the region the U.S. funded over \$40 million for coral reef conservation in the Coral Triangle (Malaysia, Philippines, and Indonesia). We continue support for the Heart of Borneo Project, to help the three nations of Borneo (Brunei, Indonesia and Malaysia) to conserve 220,000 km² of rainforest by assisting the drafting of national conservation plans.

In sum, we have an ongoing substantive agenda that is already productive for both of our countries. But in an era of shared leadership, shared objectives, and shared burdens, there is unrealized potential in the relationship between the United States and Malaysia. Malaysia has more to contribute to international institutions that help sustain global commerce, produce high standards of living for our people, and prevent threats to our citizens' security. I am hopeful that we can become closer partners in areas such as export control and nonproliferation, global health and prevention of pandemic disease, managing climate change and promoting sustainable development, and more. Malaysia is a successful country already, but it can and I am confident will accomplish even more in the years to come. We in the United States wish to continue to contribute to that success and to Malaysia's growing role as a leader in the international community.